

STATE OF WASHINGTON
**OFFICE OF
INSURANCE COMMISSIONER**
**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

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In the Matter of)	
)	No. D 99- 65
ALBANY INSURANCE COMPANY,)	
An Authorized Insurer.)	CONSENT ORDER
)	LEVYING A FINE
)	
)	

FINDINGS OF FACT:

1. At the time of the events described herein, Albany Insurance Company (hereinafter "Albany") was a member of the GRE Insurance Group and an insurer authorized to transact property, marine transportation, vehicle, casualty, and surety insurance in Washington state. This includes, but it is not limited to, builder's risk insurance.

2. Prior to or during the year 1998, Albany sold a policy of builder's insurance to approximately 227 insureds in Washington state. At no time before selling this product did Albany file the contract form or rates with the Insurance Commissioner or obtain approval from the Insurance Commissioner for this product, which will be identified as Form A510101.

3. Before selling this second policy of builder's insurance to the 227 insureds, Albany had filed another policy of builder's risk insurance with the Insurance Commissioner. This was form GREGE-001. It was approved via deemer, with an effective date of August 11, 1994.

4. The Insurance Commissioner learned of the 227 sales of unfiled and unapproved Form A510101 from a civil lawsuit filed in the Superior Court of Grays Harbor County, Aberdeen Redevelopment Co., v. Albany Insurance Company, No. 98-2-242-1. She then commenced an investigation of this matter.

5. The Insurance Commissioner then requested that GRE Insurance Group and Albany Insurance Company revise approved form GRE-GE-001 in order to bring it into full compliance with all applicable standards and regulations, so that coverage of the approximately 227 insureds could be transferred from unfiled and unapproved Form A51001 to approved form GRE-GE-001, with the proviso that any claims arising would have the benefit of favorable provisions of both forms. The Insurance Commissioner also required that GRE Insurance Group and Albany Insurance Company prepare and send a letter to its approximately 227 insureds, notifying them of these things. GRE Insurance Group and Albany Insurance Company cooperated fully with the Insurance Commissioner's investigation and requirements as described.

CONCLUSIONS OF LAW:

1. Albany Insurance Company sold an unfiled and unapproved form, Form AS 10101. This was a violation of RCW 48.18.100(1), which provides that "No insurance policy form other than surety bond forms, forms exempt under RCW 48.18.103, or application forms where written application is required and is to be attached to the policy, or printed life or disability rider or endorsement forms shall be issued, delivered, or used unless it has been filed with and approved by the Commissioner."

2. In mitigation of this violation, the Commissioner also finds that Albany Insurance Company and GRE Insurance Group cooperated in the investigation and in bringing its 227 insureds under the coverage of GRE-GE-001, as requested by the Commissioner.

3. The Commissioner also finds that RCW 48.05.140(1) authorizes the Commissioner to suspend or revoke an insurer's certificate of authority if the Insurer "Fails to comply with any provision of this code other than those for violation of which ... suspension or revocation is mandatory, or which fails to comply with any proper order or regulation of the Commissioner." The Commissioner also finds that RCW 48.05.185 authorizes the Commissioner, after hearing or with the consent of the insurer, to levy a fine in an amount not less than two hundred fifty dollars and not more than ten thousand dollars per violation, in addition to or in lieu of suspension or revocation of the insurer's certificate of authority.

CONSENT TO ORDER

1. Albany Insurance Company hereby stipulates and agrees to the foregoing Facts and Stipulations and Findings. Albany Insurance Company consents to the payment of a fine in the total amount of \$50,000.00. This sum is to be paid in full within thirty days of the entry of this order at Olympia, Washington. If the fine is not timely paid in full, the Insurance Commissioner shall revoke the certificate of authority held by Albany Insurance Company, and the fine shall be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RC 48.05.185.

2. Albany Insurance Company acknowledges its duty to comply with all the applicable laws and regulations of Washington state, including but not limited to filing requirements for contract forms and rates.

Signed this 25th day of June, 1999

Albany Insurance Company

by _____

Title _____

IT IS ORDERED that pursuant to RCW 48.05.140 and RCW 48.05.185, the Insurance Commissioner imposes a fine upon Albany Insurance Company in the amount of \$50,000.00. This is

to be paid in full within 30 days after this order is entered at Olympia, Washington. If the fine is not timely paid in full, the Insurance Commissioner shall revoke the certificate of authority held by Albany Insurance Company, and the fine will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RCW 48.05.185.

SIGNED AND ENTERED THIS 29th day of June, 1999.

By _____

WILLIAM KAY KIRBY

Deputy Insurance Commissioner
For Legal Affairs